

Message Text

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67

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 SS-20 NSC-10 PM-07 DODE-00

CIAE-00 INR-10 NSAE-00 RSC-01 L-03 AID-20 IGA-02

OMB-01 MC-02 TRSE-00 DRC-01 /115 W

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R 161747Z OCT 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4847

INFO AMEMBASSY COLOMBO

C O N F I D E N T I A L L O N D O N 1 2 0 1 8

E.O. 11652: XGDS-1

TAGS: PFOR, MASS, CE, UK

SUBJECT: PURCHASE OF SHIP BY SRI LANKA NAVY

REF: STATE 197163; 203115

1. WE MADE PRESENTATION TO FCO DEPUTY UNDERSECRETARY WILFORD OCTOBER 15. ASST. HEAD SOUTH ASIA DEPT. SLATER SAT IN. THEIR ANSWER WAS NEGATIVE. BRITISH DO NOT HAVE NEWER VESSEL THAN FRIGATE PUMA FOR SALE. WHILE EXACT TERMS HAVE NEVER BEEN DISCUSSED WITH SRI LANKANS, BRITISH COULD NOT VISUALIZE ANYTHING MORE THAN MILD STRETCHOUT OF PAYMENT OVER 6 - 18 MONTHS. IN ANY CASE, THAT WOULD APPLY ONLY TO ONE MILLION POUNDS PRICE OF PUMA HULL. REFITTING SHIP LIKELY TO COST ADDITIONAL THREE AND ONE HALF MILLION POUNDS, WHICH WOULD BE DIRECT TRANSACTION BETWEEN PURCHASER AND SHIPYARD. ALL PAYMENTS WOULD HAVE TO BE IN STERLING.

2. WILFORD CONTRASTED THESE TERMS WITH MUCH EASIER RUSSIAN TERMS OF 50 MILLION RUPEES (ABOUT 3 MILLION POUNDS) REPAYABLE IN LOCAL CURRENCY OVER 10 YEARS FOR BRAND NEW VESSEL OF PETYA CLASS (COLOMBO 2552). HARD TO ENVISAGE SRI LANKA CHOOSING BRITISH VESSEL.

3. MORE BASICALLY, WILFORD DISPLAYED DISBELIEF IN THEORY THAT HMG, OR WEST IN GENERAL, SHOULD RUSH IN TO PREEMPT SALE OF RUSSIAN SHIP TO SRI LANKA. HE DID NOT
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CONSIDER RUSSIAN SALE THAT DANGEROUS, ESPECIALLY GIVEN

SRI LANKAN POSSESSION OF CHINESE VESSELS (WHICH, BEING SMALLER, ARE TO BRITISH THINKING ALSO OF MORE APPROPRIATE SIZE).

4. ON OTHER HAND, RECENT GOSL STRINGENCY MEASURES (COLOMBO 2430) IMPROVE ATMOSPHERE FOR CONTINUATION OF ECONOMIC AID -- EVEN THOUGH GOSL HAS ALREADY HAD TO BACK DOWN ON SOME OF THE ANNOUNCED MEASURES. BOTH OFFICIALS INDICATED BRITISH LIKELY TO CONTINUE AID AT PRESENT LEVEL (ONE MILLION POUNDS), ESPECIALLY GIVEN CONTINUING -- THOUGH UNRESOLVED -- NEGOTIATIONS INVOLVING BRITISH BUSINESS INTERESTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHIPS, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON12018
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1 ANNENBERG
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731030/aaaaavpb.tel
Line Count: 74
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 197163; 203115
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Jul-2001 by thigpegh>; APPROVED <19 FEB 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PURCHASE OF SHIP BY SRI LANKA NAVY
TAGS: PFOR, MASS, CE, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005